

Message Text

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PAGE 01 QUITO 03450 192302Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 /091 W

----- 097176

R 192246Z MAY 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3450

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 3450

E.O. 11652: GDS

TAGS: EINV, ENRG, EC

SUBJECT: TEXACO-GULF

1. MINISTER OF NATURAL RESOURCES SALAZAR TOLD PRESS MAY 16 THAT THE PRESENT PRICE OF ECUADOREAN PETROLEUM IS JUSTIFIED IN THE INTERNATIONAL MARKET AND THAT HE WILL NOT ACCEPT ANY IMPOSITION WITH RESPECT TO A REDUCTION IN PRICES. HE ANNOUNCED THAT LIFTINGS WOULD BE RENEWED ONCE "CERTAIN PROBLEMS OF AN ADMINISTRATIVE NATURE" CONNECTED WITH ADJUSTMENT IN THE CLEARING OF ACCOUNTS HAVE BEEN SOLVED. (COMPANY LIFTINGS RESUMED ON MAY 17.) HE EXPLAINED THE LACK OF LIFTINGS AS A RESULT OF DELAY IN SHIP ARRIVALS BECUASE OF CONGESTION IN THE PANAMA CUKAL (F) AND BECAUSE "CERTAIN SUMS HAVE NOT FLOWED WITH THE USUAL EASE IN PROCESSING EXPORTS OF CRUDE". HE ADDED THAT A CORRECT INTERPRETATION HAS NOT BEEN APPLIED IN CLEARING ACCOUNTS AND PROCESSING DOCUMENTS AND THAT THIS IS WHY ADJUSTMENTS MUST BE MADE IN THE LIQUIDATED ACCOUNTS. HE ADDED THAT THE COMPANIES WRONGLY INTERPRETED THE GENERAL SCHEME COVERING PROCESSING OF EXPORTS. HE FURTHER NOTED THE GOVERNMENT'S INTENTION TO MAINTAIN ITS DECREE, EFFECTIVE APRIL 14, REQUIRING DAILY PRODUCTION OF

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210,000 BARRELS.

2. COMMENT: THE MINISTER'S REMARKS DO NOT AUGUR WELL FOR A REDUCTION IN TAXES DURING GOVERNMENT/COMPANY NEGOTIATIONS IN THE WEEK OF MAY 19. ALTHOUGH THE PUBLIC COULD HARDLY BE EXPECTED TO GRASP EXACTLY WHAT THE MINISTER WAS TALKING ABOUT, IT WAS HIS WAY OF ANNOUNCING THAT THE GOVERNMENT IS PREPARED TO GIVE WAY ON SOME OF THE ISSUES THAT ARE OF A FINANCIAL OR ACCOUNTING NATURE, E.G., DOLLAR RETENTION, CASH FLOW, DEBT REPAYMENT.
HEMENWAY

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NNN

Message Attributes

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Margaret P. Grafeld
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05 JUL 2006

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